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HUD's Commitment to Hurricane Ian Recovery

Introduction

Chairman Sessions, Ranking Member Mfume, and members of the House Subcommittee on Government Operations and Federal Workforce, my name is Marion McFadden. On behalf of Secretary Fudge, thank you for the opportunity to testify regarding the federal response to Hurricane Ian and HUD's broader efforts to assist communities impacted by natural disasters. I serve as the Principal Deputy Assistant Secretary for the Office of Community Planning and Development at the U.S. Department of Housing and Urban Development. Our office provides \$10 billion annually through competitive and formula awards to grantees throughout the United States and has received more than \$10 billion in the last three years to support recovery from the worst disasters.

I first engaged in federal disaster recovery efforts in the aftermath of 9/11. I considered myself privileged to play a small part in the recovery of Lower Manhattan, where HUD administered its first multi-billion-dollar Community Development Block Grant for Disaster Recovery (CDBG-DR) effort. A little more than a decade later, I served as Chief Operating Officer and Acting Executive Director of the federal Hurricane Sandy Rebuilding Task Force. Working to improve disaster recovery has been infused in every aspect of my career in the public and private sectors.

Whether it is in Fort Myers after Hurricane Ian; in Paradise, California after uncontrollable wildfires; or Joplin, Missouri, after violent tornados, it's clear that no two disasters are alike, but the people whose lives are affected all need the same thing – a safe and secure place to call home.

HUD, along with our partners at Federal Emergency Management Agency (FEMA) and Small Business Administration (SBA), work together on federal disaster response and recovery. Once Congress appropriates funds in response to a disaster, HUD funds and works closely with states

and localities during their recovery journey. According to the National Hurricane Center, Hurricane Ian “was responsible for over 150 direct and indirect deaths and over \$112 billion in damage, making it the costliest hurricane in Florida’s history and the third-costliest in United States history.” Roughly three million people living in Florida lost power, and in Fort Myers Beach alone an estimated 900 structures were totally destroyed and an additional 2,200 structures were damaged. In response, as further described below, HUD has provided assistance to Central and Northern Florida through increased flexibilities for existing funding, technical assistance for competitive grants, and awards of CDBG-DR funds and the new Rapid Unsheltered Survivor Housing (RUSH) program dollars. We currently have 206 HUD staff working here in Florida and supporting recovery efforts. HUD is fully invested in helping Floridians rebuild following this devastating storm.

HUD’s Support for Recovery from Hurricane Ian

On September 29, 2022, President Biden issued a Major Disaster Declaration for counties affected by Hurricane Ian. Immediately after, as Hurricane Ian began to subside, HUD announced a comprehensive response through disaster recovery services. It was at this time that we protected impacted homeowners by providing a 90-day moratorium on foreclosures of mortgages insured by the Federal Housing Administration (FHA) as well as foreclosures of mortgages to Native American borrowers guaranteed under the Section 184 Indian Home Loan Guarantee program. HUD also provided a 90-day automatically granted extension for Home Equity Conversion Mortgages.

Additionally, to allow homeowners to finance the repair or replacement of damaged homes, HUD made insurance available for both mortgages and home rehabilitation under the Section 203(h) and Section 203(k) Loan Programs. HUD also provided administrative flexibilities for Public Housing Agencies and Tribes through regulatory waivers. These actions ensured communities could use existing HUD funding to complement other federal resources such as FEMA assistance.

After terrible disasters like Hurricane Ian, we know that everything has changed for impacted communities. We do not hold grantees to the plans they made to spend annual formula grant dollars before the disaster, because we know business as usual may no longer be possible or appropriate. Priorities shift toward recovery. In October of 2022, less than a month after Hurricane Ian, I provided a package of 29 regulatory and administrative waivers for formula allocation programs to accelerate Florida’s recovery from Hurricane Ian. This represents one of HUD’s largest collections of waivers issued in the wake of a disaster. These waivers allow grantees in the area to better facilitate the use of existing funds such as Community Development Block Grants (CDBG), HOME Investment Partnership, and Emergency Solutions Grants for local priorities. The waiver package allows communities to use CDBG for the creation of new housing units to replace those lost during the hurricane, and waives the HOME program’s matching requirement for new construction. It allows grantees to use up to 100% of their CDBG funding for public services (lifting the 15% expenditure cap that generally applies to

CDBG grants). These services include provision of food and water through initiatives like Meals on Wheels, emergency shelter, case management, and related assistance to help residents in declared disaster areas until long-term recovery resources become available. Additionally, the waivers permit emergency grant payments through CDBG for items such as food, clothing, housing (rent or mortgage), or utilities for up to six consecutive months. The waivers also provide additional flexibility for income documentation, restrictions on allocation set asides, and limitations on length of assistance for certain activities. We recognize that grantees need every resource at their disposal to address their communities' immediate needs.

To catalyze local action on recovery and relief efforts, HUD also established a Disaster Technical Assistance Team of national experts to work with providers assisting people experiencing homelessness. These experts worked on the ground in Florida to supplement the work of our permanent Florida staff.

Secretary Fudge then announced the inaugural round of funding for the Department's Rapid Unsheltered Survivor Housing (RUSH) program in Orlando. RUSH is a rapid response program created to address homelessness by filling in federal assistance gaps in communities affected by disasters. This new program goes beyond temporary, short-term assistance to ensure that impacted individuals and families are supported as they face the same challenges as other survivors such as increased rents and demand for shelter in disaster impacted communities. HUD allocated the RUSH funding, which totaled \$6.8 million, to the State of Florida and seven Florida localities that were impacted by Hurricane Ian and participate in HUD's Emergency Solutions Grants program.

HUD is not able to provide long-term recovery grants to help the communities impacted by disasters until supplemental funding is appropriated by the Congress. In March of this year, Secretary Fudge announced that jurisdictions within Florida would be receiving almost \$2.8 billion in recovery funding, and HUD's Deputy Secretary Adrienne Todman was in Fort Myers Beach and announced \$1.1 billion in funding specifically for Lee County. This long-term recovery funding is provided through the CDBG-DR program, which primarily serves low-to-moderate income individuals and families (making up to 80% of the area median income). HUD allocated \$1.1 billion to Lee County to assist communities like Fort Myers, Fort Myers Beach, Cape Coral, and Bonita Springs that bore the brunt of the storm. We also provided CDBG-DR funding to Volusia County (\$329 million), Orange County (\$220 million), Sarasota County (\$202 million), and the State of Florida (\$911 million).

HUD's Administration of CDBG-DR

After HUD awards CDBG-DR allocations, jurisdictions prepare plans that outline how they will use the funds, seek community feedback on their action plan, and submit those plans for HUD's approval. Before granting access to the funds, HUD works with each jurisdiction to ensure understanding of the rules and implementation of appropriate financial safeguards to protect these taxpayer dollars. HUD provides regular training and technical assistance, monitors grant

administration, and partners with the Office of the Inspector General throughout the life of the grants to prevent fraud, waste and abuse, or duplication of benefits.

CDBG-DR is a very flexible source of funding. Key decisions on how to spend funds are made at the state/local level. CDBG-DR is critical to recovering from disasters, especially in vulnerable communities, and is used to prepare for foreseeable risks due to extreme weather events and increase community resilience. CDBG-DR is the nation's largest federal recovery and mitigation program focused primarily on low-and moderate-income populations. CDBG-DR is used for repairs and new construction of homes. It also supports redevelopment of damaged infrastructure like roads and bridges and helps small businesses recover from uninsured losses. CDBG-DR also supports community wellbeing by funding recovery efforts for essential public fixtures, such as hospitals and schools. CDBG-DR supplements permanently authorized funding from other federal recovery assistance programs administered by FEMA, SBA, and the United States Army Corps of Engineers (USACE), but does not supplant them. These funds are explicitly permitted to be used as the local match as required by certain other federal programs, such as FEMA Public Assistance.

As of January 2023, the Congress has appropriated a cumulative total of nearly \$100 billion for the CDBG-DR program using individual supplemental appropriations since 1992. Since Fiscal Year 2013, the Congress has appropriated \$68 billion in CDBG-DR funds for communities in need. Communities receiving CDBG-DR funding routinely praise its flexibility, the long-term nature of the assistance, and the high levels of community engagement. They deeply value using CDBG-DR to fill the gaps left by underinsurance and limited emergency response dollars. However, community leaders have also regularly voiced concerns that they do not receive funds quickly enough. In fact, HUD research demonstrates that it takes about 1.5 years from the time of a disaster until the first CDBG-DR dollar is spent on recovery efforts. On average, there is a delay of six months between the time of disaster and a Congressional appropriation providing CDBG-DR funding.

Despite the vital assistance that CDBG-DR has provided to communities decimated by natural disasters, there is still no permanent, reliable framework for this long-term recovery program. Because CDBG-DR lacks both standing statutory authority and an annual appropriation, communities recently affected by disasters receive funding as a result of supplemental appropriations by the Congress. This existing framework results in delays in getting funds to survivors and a lack of consistency in funding requirements, frustrating jurisdictions and community members alike.

Despite the absence of permanent authorization, HUD is committed to doing everything in our authority to continue to strengthen the CDBG-DR program. Late last year, we released two Requests for Information (RFI) to solicit feedback on the CDBG-DR program and formula. Through these RFIs, we received hundreds of unique recommendations from commenters on how the Department can modify, streamline, or reduce the administrative burden for those receiving and implementing CDBG-DR funding after a disaster to accelerate long term recovery

assistance. These RFIs mark the first time the Department has asked the public for feedback on how to simplify, modernize, and more equitably distribute critical disaster recovery funds through CDBG-DR. My office is currently evaluating the comments and recommendations received and considering how we can further strengthen our disaster recovery efforts absent permanent authorization.

We are committed to doing everything in our power to make the program better serve survivors. The President supports permanent authorization of CDBG-DR, which will remove uncertainty about what resources will be available, allow communities to better plan recovery activities, and quickly deliver assistance.

Conclusion

HUD is committed to supporting Florida communities through their entire recovery from Hurricane Ian and beyond and appreciates your interest in this work.